

CASE 2911: Application of OCC to
permit FRANCIS L. HARVEY to appear
regarding plugging of well.

CASE No.

2911

Application,
TRANSCRIPTS,
SMALL Exhibits
ETC.

DOCKET: EXAMINER HEARING - WEDNESDAY - OCTOBER 9, 1963

9:00 A. M. - OIL CONSERVATION COMMISSION CONFERENCE ROOM,
STATE LAND OFFICE BUILDING, SANTA FE, NEW MEXICO

The following cases will be heard before Elvis A. Utz, examiner, or Daniel S. Nutter as alternate examiner:

CASE 2888: (Continued from the September 4, 1963 examiner hearing)

Application of the British American Oil Producing Company for a unit agreement, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Jalmat Deep Unit Area comprising 10,568.81 acres of State land in Townships 21 and 22 South, Range 35 East, Lea County, New Mexico.

CASE 2903: (Continued from the September 25, 1963 examiner hearing)

Application of Coastal States Gas Producing Company for a dual completion, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of the dual completion (conventional) of its Gulf State Well No. 1, located in Unit F of Section 20, Township 17 South, Range 36 East, Lea County, New Mexico, to produce oil from the Double-A Abo Pool and an undesignated Lower Leonard pool through parallel strings of tubing.

CASE 2907: (Continued from the September 25, 1963 examiner hearing)

Application of Penroc Oil Corporation for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order force-pooling all mineral interests in the Indian Hills-Upper Pennsylvanian Gas Pool underlying Section 19, Township 21 South, Range 24 East, Eddy County, New Mexico.

CASE 2908: (Continued from the September 25, 1963 examiner hearing)

Application of Penroc Oil Corporation for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order force-pooling all mineral interests in the Morrow Section of the Pennsylvanian formation underlying Section 19, Township 21 South, Range 24 East, Indian Hills Field, Eddy County, New Mexico.

CASE 2910: (Continued from the September 25, 1963 examiner hearing)

Application of Big (6) Drilling Company for extension of an existing oil pool and special pool rules, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the extension of the Scharb Bone Spring Oil Pool to comprise the W/2 of Section 5, all of Section 6, and the N/2 of Section 7, Township 19 South, Range 35 East, Lea County, New Mexico, and for special rules therefor, including 80-acre spacing and proration units to comprise any two contiguous 40-acre tracts, and for fixed well locations.

CASE 2911:

In the matter of the hearing called by the Oil Conservation Commission on its own motion to permit Francis L. Harvey & Capital Counsellors and all other interested parties to appear and show cause why the Francis L. Harvey & Capital Counsellors Bunce-Federal Well No. 1, located 1586 feet from the North line and 1503 feet from the East line of Section 19, Township 29 North, Range 10 West, San Juan County, New Mexico, should not be plugged in accordance with a Commission-approved plugging program.

CASE 2912:

In the matter of the hearing called by the Oil Conservation Commission on its own motion to permit Tamanaco Oil Company and all other interested parties to appear and show cause why the Tamanaco El Poso Ranch Well No. 11, located 680 feet from the South line and 2080 feet from the West line of Section 11; the Tamanaco Pound Ranch Well No. 14 located 740 feet from the North line and 1850 feet from the West line of Section 14, and the Tamanaco Pound Ranch Well No. 27 located 330 feet from the North line and 1501 feet from the East line of Section 27, all in Township 28 North, Range 1 East, Rio Arriba County, New Mexico, should not be plugged in accordance with a Commission-approved plugging program.

CASE 2913:

Application of Gulf Oil Corporation for a non-standard gas proration unit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of a 280 acre non-standard gas proration unit comprising the NW/4, W/2 NE/4 and NW/4 SE/4 of Section 29, Township 23 South, Range 37 East, Jalmat Gas Pool, Lea County, New Mexico, to be dedicated to its C. E. LaMunyon Well No. 4, located in Unit D of said Section 29.

CASE 2660: (Reopened)

In the matter of Case No. 2660 being reopened pursuant to the provisions of Order No. R-2348, which order established temporary 80-acre proration units for the Middle Lane-Pennsylvanian Pool, Lea County, New Mexico, for a period of one year. All interested parties may appear and show cause why said pool should not be developed on 40-acre proration units.

CASE 2678: (Reopened)

In the matter of Case No. 2678 being reopened pursuant to provisions of Order No. R-2359, which order established temporary 160-acre proration units for the East Saunders Permo-Pennsylvanian Pool, Lea County, New Mexico, for a period of one year. All interested parties may appear and show cause why said pool should not be developed on 40-acre proration units.

CASE 2659: (Reopened)

In the matter of the Case No. 2659 being reopened pursuant to the provisions of Order No. R-2347, which order established temporary 80-acre proration units for the North Bagley-Wolfcamp Pool, Lea County, New Mexico, for a period of one year. All interested parties may appear and show cause why said pool should not be developed on 40-acre proration units.

CASE 2658: (Reopened)

In the matter of Case 2658 being reopened pursuant to the provisions of Order No. R-2346, which order established temporary 80-acre

proration units for the North Bagley-Upper Pennsylvanian Pool, Lea County, New Mexico, for a period of one year. All interested parties may appear and show cause why said pool should not be developed on 40-acre proration units.

CASE 2914:

Application of Humble Oil & Refining Company for an exception to Rule 107 (d) 1, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks authority to produce oil from the Gallup formation through 4 $\frac{1}{2}$ -inch casing without tubing from its Navajo Tribe Tract 12 Well No. 1, located in Unit B of Section 19, Township 29 North, Range 15 West, San Juan County, New Mexico.

CASE 2915:

Application of Franco Western Oil Company for a unit agreement, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of the South Seven Rivers Unit Area comprising 4,480 acres, more or less, of State, Federal and Fee lands in Township 20 South, Ranges 24 and 25 East, Eddy County, New Mexico.

Case 2911

Atand 10-9-63

Rec. 10-9-63.

1. Write order to Harvey to ~~begin~~ begin repair or plugging operations by the 1st of Nov. 1963, and that same shall be completed by Dec. 1, 1963.
2. The Repair or plugging program shall be approved by the Civil Dist. supervisor.
3. The term beginning operations shall mean the actual work in the wellbore for the purpose of plugging or repairing casing, etc.
4. The work shall be deemed necessary by this order in order to prevent waste of Gas & or potable water in the area.

Thos. W. J.

DRAFT

JMD/esr

October 25, 1963

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

~~IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF NEW MEXICO FOR
THE PURPOSE OF CONSIDERING:~~

CASE No. 2911

Order No. R- 2585

IN THE MATTER OF THE HEARING CALLED BY THE OIL CONSERVATION COMMISSION ON ITS OWN MOTION TO PERMIT FRANCIS L. HARVEY & CAPITAL COUNSELLORS AND ALL OTHER INTERESTED PARTIES TO APPEAR AND SHOW CAUSE WHY THE FRANCIS L. HARVEY & CAPITAL COUNSELLORS BUNCE-FEDERAL WELL NO. 1, LOCATED 1586 FEET FROM THE NORTH LINE AND 1503 FEET FROM THE EAST LINE OF SECTION 19, TOWNSHIP 29 NORTH, RANGE 10 WEST, SAN JUAN COUNTY, NEW MEXICO, SHOULD NOT BE PLUGGED IN ACCORDANCE WITH A COMMISSION-APPROVED PLUGGING PROGRAM.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on October 9, 1963, at Santa Fe, New Mexico, before Elvis A. Utz, Examiner duly appointed by the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission," in accordance with Rule 1214 of the Commission Rules and Regulations.

NOW, on this day of October, 1963, the Commission, a quorum being present, having considered the ~~application, the~~ evidence adduced, and the recommendations of the Examiner, Elvis A. Utz, and being fully advised in the premises,

FINDS:

(1) That due public notice having been given as required by law, the Commission has jurisdiction of this cause and the subject matter thereof.

(2) That Francis L. Harvey & Capital Counsellors are the owners and operators of the Bunce-Federal Well No. 1, located 1586 feet from the North line and 1503 feet from the East line of Section 19, Township 29 North, Range 10 West, NMPM, San Juan County, New Mexico.

(3) That the subject well has developed a casing failure that is permitting natural gas or water to escape from the strata in which they are found into another stratum or strata.

(4) That in order to prevent waste, ^{and protect correlative rights} the subject well should be reworked or plugged in a manner that will prevent natural gas or water from escaping from the strata in which they are found into another stratum or strata.

IT IS THEREFORE ORDERED:

(1) That Francis L. Harvey & Capital Counsellors are hereby ordered to rework or plug the Bunce-Federal Well No. 1, located 1586 feet from the North line and 1503 feet from the East line of Section 19, Township 29 North, Range 10 West, NMPM, San Juan County, New Mexico, in a manner that will prevent natural gas or water from escaping from the strata in which they are found into another stratum or strata.

(2) That if the well is to be reworked, the operators shall have a rig on the location and physical operations commenced in the well bore on or before November 15, 1963, and that said reworking operations shall be completed on or before December 1, 1963.

(3) That prior to commencing reworking operations, the operators must have a proposed plan of reworking operations approved by the Commission's Aztec District Office.

Francis L. Harvey & Capital Counsellors
(4) That ~~if the operators~~ *do* not have a rig on the location and physical operations to rework the well commenced in the well bore on or before November 15, 1963, *Francis L. Harvey & Capital Counsellors* ~~the operators~~ shall plug the subject well in a manner that will prevent natural gas or water from escaping from strata in which they are found into another stratum or strata.

(5) That if said reworking operations are not commenced and completed as provided above, plugging operations in accordance with a minimum plugging program *submitted to and* approved by the Commission's Aztec District Office shall be completed on or before *December 15,* ~~January 1,~~ 1963.

(6) That if said reworking operations are not commenced and completed as provided above, ~~Francis L. Harvey & Capital Counsellors~~ *the operators Francis L. Harvey and Capital Counsellors* shall notify the District Supervisor, Oil Conservation Commission, District 3, Aztec, New Mexico, of the exact date and time plugging operations are to commence on the well.

(7) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING CALLED BY THE OIL CONSERVATION COMMISSION ON ITS OWN MOTION TO PERMIT FRANCIS L. HARVEY & CAPITAL COUNSELLORS AND ALL OTHER INTERESTED PARTIES TO APPEAR AND SHOW CAUSE WHY THE FRANCIS L. HARVEY & CAPITAL COUNSELLORS BUNCE-FEDERAL WELL NO. 1, LOCATED 1586 FEET FROM THE NORTH LINE AND 1503 FEET FROM THE EAST LINE OF SECTION 19, TOWNSHIP 29 NORTH, RANGE 10 WEST, SAN JUAN COUNTY, NEW MEXICO, SHOULD NOT BE PLUGGED IN ACCORDANCE WITH A COMMISSION-APPROVED PLUGGING PROGRAM.

CASE No. 2911
Order No. R-2585

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on October 9, 1963, at Santa Fe, New Mexico, before Elvis A. Utz, Examiner duly appointed by the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission," in accordance with Rule 1214 of the Commission Rules and Regulations.

NOW, on this 30th day of October, 1963, the Commission, a quorum being present, having considered the evidence and the recommendations of the Examiner, Elvis A. Utz, and being fully advised in the premises,

FINDS:

(1) That due public notice having been given as required by law, the Commission has jurisdiction of this cause and the subject matter thereof.

(2) That Francis L. Harvey & Capital Counsellors are the owners and operators of the Bunce-Federal Well No. 1, located 1586 feet from the North line and 1503 feet from the East line of Section 19, Township 29 North, Range 10 West, NMPM, San Juan County, New Mexico.

(3) That the subject well has developed a casing failure that is permitting natural gas or water to escape from the strata in which they are found into another stratum or strata.

(4) That in order to prevent waste and protect correlative rights, the subject well should be reworked or plugged in a manner that will prevent natural gas or water from escaping from the strata in which they are found into another stratum or strata.

IT IS THEREFORE ORDERED:

(1) That Francis L. Harvey & Capital Counsellors are hereby ordered to rework or plug the Buncce-Federal Well No. 1, located 1586 feet from the North line and 1503 feet from the East line of Section 19, Township 29 North, Range 10 West, MNPM, San Juan County, New Mexico, in a manner that will prevent natural gas or water from escaping from the strata in which they are found into another stratum or strata.

(2) That if the well is to be reworked, the operators shall have a rig on the location and physical operations commenced in the well bore on or before November 15, 1963, and that said reworking operations shall be completed on or before December 1, 1963.

(3) That prior to commencing reworking operations, the operators must have a proposed plan of reworking operations approved by the Commission's Aztec District Office.

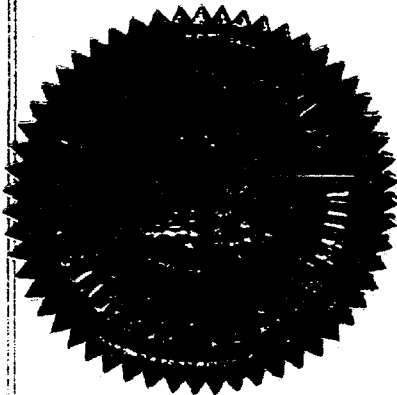
(4) That if Francis L. Harvey & Capital Counsellors do not have a rig on the location and physical operations to rework the well commenced in the well bore on or before November 15, 1963, Francis L. Harvey & Capital Counsellors shall plug the subject well in a manner that will prevent natural gas or water from escaping from strata in which they are found into another stratum or strata.

(5) That if said reworking operations are not commenced and completed as provided above, plugging operations in accordance with a minimum plugging program submitted to and approved by the Commission's Aztec District Office shall be completed on or before December 15, 1963.

(6) That if said reworking operations are not commenced and completed as provided above, Francis L. Harvey and Capital Counsellors shall notify the District Supervisor, Oil Conservation Commission, District 3, Aztec, New Mexico, of the exact date and time plugging operations are to commence on the well.

(7) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.



STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

Jack M. Campbell
JACK M. CAMPBELL, Chairman

E. S. Walker
E. S. WALKER, Member

A. L. Porter, Jr.
A. L. PORTER, Jr., Member & Secretary

OIL CONSERVATION COMMISSION
1000 RIO GRAZOS ROAD
AZTEC, NEW MEXICO

1963 MAR 4 AM 8:26

MAIN OFFICE OCC

February 26, 1963

Francis L. Harvey & Capital Counsellors
50 Broad Street
New York 24, N.Y.

Re: Harvey-Counsellors #1 Bance
G-19-29W-10W, Aztec FC Pool

Gentlemen:

Recently indications of casing failure were discovered at the above well. On about February 14, 1963 a bradenhead test was conducted at the well by Commission personnel and definite indications of casing failure were established.

We are, therefore, directing that immediate steps be taken to remedy the casing in this well to prevent the possibility of reservoir damage. Please submit Form C-102 indicating the method you intend to use in repairing the well. We are enclosing a supply of this form.

Yours very truly

Emery C. Arnold
Supervisor, District #3

ECA:ks

Encls.

cc: Francis L. Harvey
Wichita Falls, Texas

Oil Conservation Commission
Santa Fe, New Mexico

OIL CONSERVATION COMMISSION
1000 RIO BRAZOS ROAD
AZTEC, NEW MEXICO

1963 JUN 24 AM 11 42

June 19, 1963

Capital Counsellors
50 Broad Street
New York 4, N.Y.

Attn: Mr. A. B. Netas

Re: #1 Bunde, G-19-29N-10E
Aztec Pictured Cliffs Pool

Dear Sir:

Reference is made to our communications in February and March, 1963 regarding remedial work on the above well. On March 11, 1963 you informed this office that it was your intention to appraise the best method of repairing the well in the very near future. At that time you requested an extension of time in order to make a decision.

We are certain that casing damage exists in this well and that there is a great possibility that damage is being done to the producing formation. We therefore do not feel that we can delay any further in insisting that the well either be repaired or plugged & abandoned. Unless Form G-102 is filed in this office prior to July 1, 1963 setting out your plan of remedial action it is our intention to set the matter for hearing before the Oil Conservation Commission in order that you or the bonding company may show cause why the well should not be repaired or properly plugged and abandoned. We also must insist that actual remedial action be commenced prior to July 10, 1963.

If any further information is required, please contact this office.

Yours very truly

Emery C. Arnold
Supervisor, District #3

ECa:ks

cc: OCC, Santa Fe, N.M.
Geoelectric, Inc., Aztec, N.M.
National Surety Corporation, Albuquerque, N.M.

OIL CONSERVATION COMMISSION
1000 RIO BRAZOS ROAD
AZTEC, NEW MEXICO

RECEIVED 1 JUN 9 1963

for General Counsel

June 26, 1963

Capital Counsellors
50 Broad Street
New York, N.Y.

Attn: Mr. A. B. Weiss

Dear Sir:

We just received a letter from Mr. Bradley Keyes of Geoelectric Incorporated regarding the demand for plugging on your #1 Bunce Federal well.

Mr. Keyes states that your partner is out of the country and will not return until about July 20 and that it will be difficult for you to make a decision prior to that time whether to work the well over or to plug and abandon it and drill a new well.

We are, therefore, granting an extension of time to July 25, 1963 for the filing of Form G-102 in this office and until August 1, 1963 to actually have a rig on the well.

I would like to emphasize that no further extension of time of any kind will be granted beyond that date as we feel there is a possibility that waste may be occurring in the well bore; therefore in the absence of some action by your company prior to August 1, 1963 we will set the matter for hearing at the first August hearing of the Oil Conservation Commission in order that the matter may be resolved.

Yours very truly

ECA:ks

Emery C. Arnold
Supervisor, District #3

cc: Oil Conservation Commission
Santa Fe, N.M.

GOVERNOR
JACK M. CAMPBELL
CHAIRMAN

State of New Mexico
Oil Conservation Commission



LAND COMMISSIONER
E. S. JOHNNY WALKER
MEMBER

1000 RIO BRAZOS ROAD
AZTEC, NEW MEXICO
August 13, 1963

STATE GEOLOGIST
A. L. PORTER, JR.
SECRETARY - DIRECTOR

Oil Conservation Commission
Box 871
Santa Fe, New Mexico

Attn: Mr. A. L. Porter

Re: Francis L. Harvey & Capital
Counsellors #1 Bunce,
G-19-29N-10W, Aztec Pictured
Cliffs Pool

Dear Mr. Porter:

On February 14, 1963 a bradenhead test was conducted on the above well by Commission personnel and definite indication of casing failure was established. On February 26, 1963 we wrote the operator directing that they take immediate steps to repair the well. On March 11, 1963 the operator responded, stating that it was their intention to take action within the next several weeks. During the next month two or three drilling contractors did stop by our office to discuss proposed remedial methods. They indicated that they had been directed to do so by the operator; however no Form G-102 was ever filed for approval. On June 19, 1963 we again wrote the operator demanding that remedial action be commenced. On June 27, 1963 the operator wrote stating that an associate was out of the country and would not be back until the 22nd of July and that it was impossible for them to make a decision without the concurrence of the associate. We granted an extension of time to July 25, by which time the operator without fail was to file Form G-102 setting out remedial plans for the well and actual work was to commence prior to August 1.

We have had no further correspondence from the operator and I am therefore recommending that the matter be set for hearing at the earliest possible time in order that the operator may show cause why the well should not be

- 2 -

worked over or plugged and abandoned. I believe that copies of all our correspondence were mailed to your office. If you need further details please contact us.

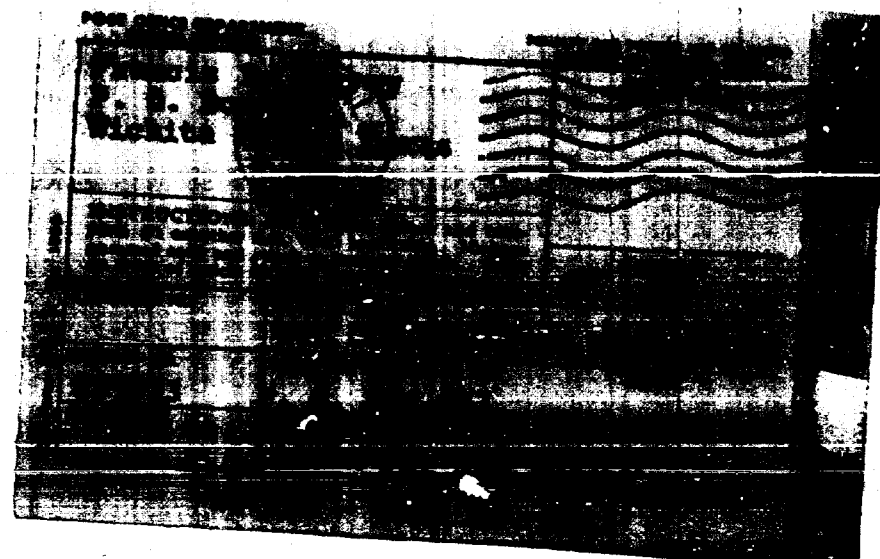
Yours very truly

Emery C. Arnold
Emery C. Arnold
Supervisor, District #3

ECA:ks

cc: Capital Counsellors
50 Broad Street
New York 4, N.Y.

National Surety Corporation
c/o Seligman & Sackett
121 Copper Avenue NW
Albuquerque, New Mexico



No. 859333

RECEIPT FOR CERTIFIED MAIL—20¢

SENT TO Francis L. Harvey		POSTMARK OR DATE 9-23-63
STREET AND NO. P. O. Box 990		
CITY AND STATE Wichita Falls, Texas		
If you want a return receipt, check which: <input type="checkbox"/> 10¢ shows to whom and when delivered <input type="checkbox"/> 35¢ shows to whom, when, and address where delivered <input type="checkbox"/> 50¢ fee		

FEES ADDITIONAL TO 20¢ FEE

POD Form 3800
Apr 1960

SEE OTHER SIDE
NOTICE - CASE No. 2911

No. 859336

RECEIPT FOR CERTIFIED MAIL—20¢

SENT TO National Surety Corporation Attention: Claims Dept.		POSTMARK OR DATE 9-23-63
STREET AND NO. 4 Albany Street		
CITY AND STATE New York 6, New York		
If you want a return receipt, check which: <input type="checkbox"/> 10¢ shows to whom and when delivered <input type="checkbox"/> 35¢ shows to whom, when, and address where delivered <input type="checkbox"/> 50¢ fee		

POD Form 3800
Apr 1960

SEE OTHER SIDE
NOTICE - CASE No. 2911

No. 859334

RECEIPT FOR CERTIFIED MAIL—20¢

SENT TO Capital Counsellors		POSTMARK OR DATE 9-23-63
STREET AND NO. 50 Broad street		
CITY AND STATE New York 4, New York		
If you want a return receipt, check which: <input type="checkbox"/> 10¢ shows to whom and when delivered <input type="checkbox"/> 35¢ shows to whom, when, and address where delivered <input type="checkbox"/> 50¢ fee		

POD Form 3800
Apr 1960

SEE OTHER SIDE
NOTICE - CASE No. 2911

OIL CONSERVATION COMMISSION
P. O. BOX 871
SANTA FE, NEW MEXICO

September 23, 1963

CONFIDENTIAL - SOURCE
RECEIVED SEP 24 1963

National Surety Corporation
c/o Robinson & Barrett
ATTENTION: Claims Department
100 Copper Street, N.W.
Albuquerque, New Mexico

DOCKET MAILED

Date 9-27-63
g

National Surety Corporation
ATTENTION: Claims Department
4 Albany Street
New York 6, New York

Re: Francis L. Harvey,
\$10,000 Plugging Fund

Gentlemen:

Re the Francis L. Harvey & Capital Consultants Banco-
Federal Well No. 1, located 1886 feet from the North line
and 1803 feet from the East line of Section 19, Township
29 North, Range 19 West, N29W, San Juan County, New Mexico,
was drilled under the above bond, I am enclosing herewith
a notice of hearing concerning the plugging of said well.

Very truly yours,

J. M. DURRETT, Jr.
Special Assistant
Attorney General

JMD/esr
Enclosure

Page 2911

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION
SANTA FE - NEW MEXICO

CASE NO. 2911

In the matter of the hearing called by the Oil Conservation Commission on its own motion to permit Francis L. Harvey & Capital Consultants and all other interested parties to appear and show cause why the Francis L. Harvey & Capital Consultants Lease-Federal Well No. 1, located 1866 feet from the North line and 1900 feet from the East line of Section 18, Township 19 North, Range 18 West, San Juan County, New Mexico, should not be plugged in accordance with a Commission-approved plugging program.

To: Francis L. Harvey
P. O. Box 900
Wichita Falls, Texas

Capital Consultants
50 West Street
New York 4, New York

National Surety Corporation
c/o Sullivan & Sweeney
Attention: Claims Department
131 Copper Avenue, N.W.
Albuquerque, New Mexico

National Surety Corporation
Attention: Claims Department
4 Albany Street
New York 6, New York

DOCKET MAILED

Date 9-27-63

gh

NOTICE

PLEASE TAKE NOTICE THAT THE ABOVE ENTITLED AND NUMBERED CAUSE WILL COME BEFORE THE OIL CONSERVATION COMMISSION AT THE OCTOBER 9, 1963, EXAMINER HEARING, AT 9 O'CLOCK A.M., OIL CONSERVATION COMMISSION CONFERENCE ROOM, STATE LAND OFFICE BUILDING, SANTA FE, NEW MEXICO.

A L Porter Jr

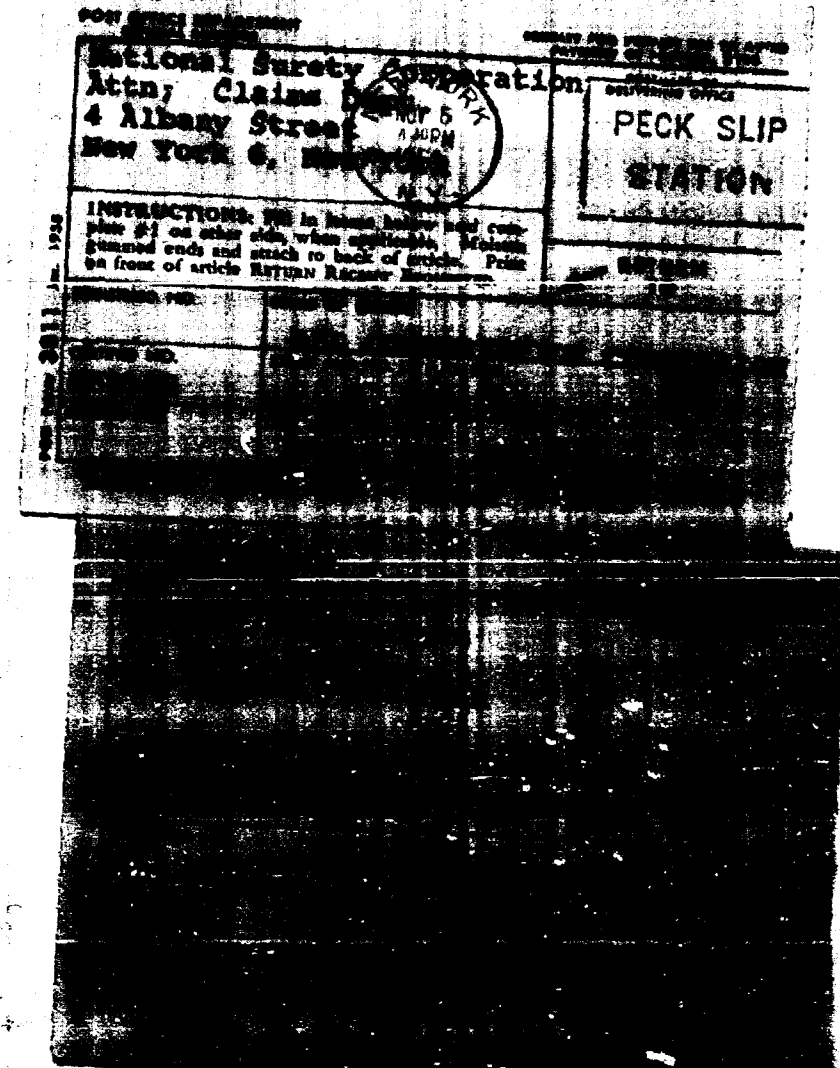
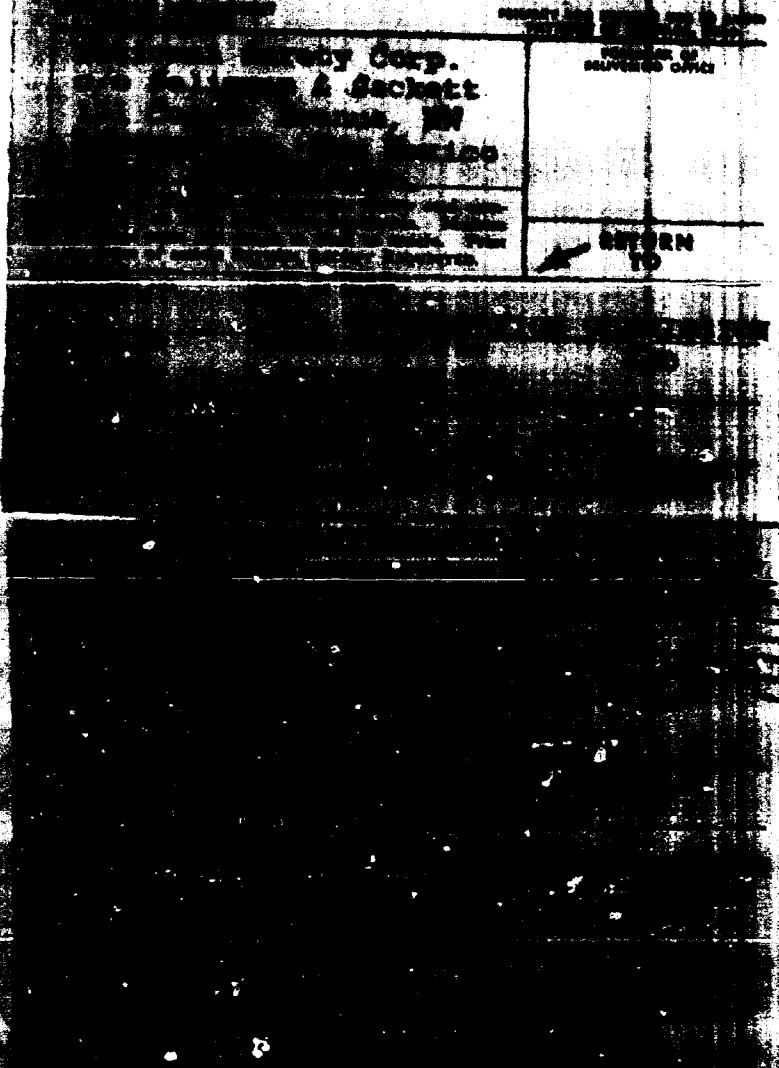
A. L. PORTER, JR.
Secretary-Director

I hereby certify that I have mailed a copy of this Notice to the above-named parties on this 23rd day of September, 1963.

J M Durrett Jr

J. M. DURRETT, JR.
General Counsel

Case 2911



No. 859335

RECEIPT FOR CERTIFIED MAIL—20¢

SENT TO National Surety Corporation c/o Seligman & Sackett		POSTMARK OR DATE 9-23-63
STREET AND NO. Attention: Claims Department 121 Copper Avenue, N.W.		
CITY AND STATE Albuquerque, New Mexico		
<small>If you want a return receipt, check which</small>		
<input type="checkbox"/> 10¢ shows to whom and when delivered	<input type="checkbox"/> 35¢ shows to whom, when, and address where delivered	<input type="checkbox"/> If you want restricted delivery, check here 50¢ fee
FEES ADDITIONAL TO 20¢ FEE		

POD Form 3800
Apr 1960
NOTICE - CASE No. 2911
SEE OTHER SIDE

No. 859346

RECEIPT FOR CERTIFIED MAIL—20¢

SENT TO Capital Counsellors		POSTMARK OR DATE 11-1-63 10:00 AM
STREET AND NO. 50 Broad Street		
CITY AND STATE New York 4, New York		
<small>If you want a return receipt, check which</small>		
<input type="checkbox"/> 10¢ shows to whom and when delivered	<input type="checkbox"/> 35¢ shows to whom, when, and address where delivered	<input type="checkbox"/> If you want restricted delivery, check here 50¢ fee
FEES ADDITIONAL TO 20¢ FEE		

POD Form 3800
Apr 1960
LETTER 10-31-63 - Order R-2585
SEE OTHER SIDE

No. 859345

RECEIPT FOR CERTIFIED MAIL—20¢

SENT TO Mr. Francis L. Harvey		POSTMARK OR DATE 11-1-63 10:00 AM
STREET AND NO. P. O. Box 990		
CITY AND STATE Wichita Falls, Texas		
<small>If you want a return receipt, check which</small>		
<input type="checkbox"/> 10¢ shows to whom and when delivered	<input type="checkbox"/> 35¢ shows to whom, when, and address where delivered	<input type="checkbox"/> If you want restricted delivery, check here 50¢ fee
FEES ADDITIONAL TO 20¢ FEE		

POD Form 3800
Apr 1960
LETTER 10-31-63 - Order R-2565
SEE OTHER SIDE

No. 859348

RECEIPT FOR CERTIFIED MAIL—20¢

SENT TO National Surety Corporation Attn: Claims Dept.		POSTMARK OR DATE 11-1-63 10:00 AM
STREET AND NO. 4 Albany Street		
CITY AND STATE New York 6, New York		
<small>If you want a return receipt, check which</small>		
<input type="checkbox"/> 10¢ shows to whom and when delivered	<input type="checkbox"/> 35¢ shows to whom, when, and address where delivered	<input type="checkbox"/> If you want restricted delivery, check here 50¢ fee
FEES ADDITIONAL TO 20¢ FEE		

POD Form 3800
Apr 1960
LETTER 10-31-63
SEE OTHER SIDE

No. 859347

RECEIPT FOR CERTIFIED MAIL—20¢

SENT TO National Surety Corporation c/o Seligman & Sackett		POSTMARK OR DATE 11-1-63 10:00 AM
STREET AND NO. Attn: Claims Dept. 121 Copper Avenue NW		
CITY AND STATE Albuquerque, New Mexico		
<small>If you want a return receipt, check which</small>		
<input type="checkbox"/> 10¢ shows to whom and when delivered	<input type="checkbox"/> 35¢ shows to whom, when, and address where delivered	<input type="checkbox"/> If you want restricted delivery, check here 50¢ fee
FEES ADDITIONAL TO 20¢ FEE		

POD Form 3800
Apr 1960
LETTER 10-31-63 - Order R-2585
SEE OTHER SIDE

POST OFFICE DEPARTMENT
PENALTY FOR POSTAGE USE TO AVOID
PAYMENT OF POSTAGE, 50c

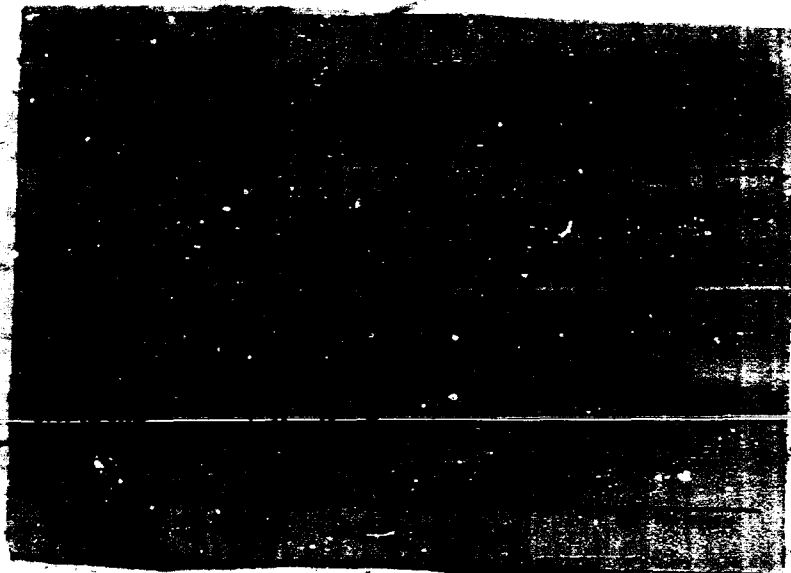
National Surety Corporation
Attn: Mr. Frank Deady
Mercantile Building
P. O. Box 2519 - Dallas, Texas

POSTAGE OF
DELIVERING OFFICE
1961

POST OFFICE DEPARTMENT
PENALTY FOR POSTAGE USE TO AVOID
PAYMENT OF POSTAGE, 50c

Capital Counsellors
30 Broad Street
New York 4, New York

INSTRUCTIONS: See to whom, when, and address where delivered. If you want a return receipt, check which 10¢ shows to whom, when, and address where delivered. If you want restricted delivery, check here 50¢ fee.



No. 859349

RECEIPT FOR CERTIFIED MAIL—20¢

SENT TO
Mr. Francis L. Harvey
STREET AND NO.
P. O. Box 990
CITY AND STATE
Wichita Falls, Texas

POSTMARK OR DATE
12-2-63

If you want a return receipt, check which 10¢ shows to whom, when, and address where delivered. If you want restricted delivery, check here 50¢ fee.

FEES ADDITIONAL TO 20¢ FEE
POD Form 3800
Apr 1960
SEE OTHER SIDE
LETTER 12-2-63 - Order R-2585

No. 859350

RECEIPT FOR CERTIFIED MAIL—20¢

SENT TO
Capital Counsellors
STREET AND NO.
50 Broad Street
CITY AND STATE
New York 4, New York

POSTMARK OR DATE
12-2-63

If you want a return receipt, check which 10¢ shows to whom, when, and address where delivered. If you want restricted delivery, check here 50¢ fee.

FEES ADDITIONAL TO 20¢ FEE
POD Form 3800
Apr 1960
SEE OTHER SIDE
LETTER 12-2-63 Order No. R-2585

No. 859351

RECEIPT FOR CERTIFIED MAIL—20¢

SENT TO
National Surety Corporation
Attn: Mr. Frank Deady
Claims Department
STREET AND NO.
Mercantile Dallas Building
P. O. Box 2519
CITY AND STATE
Dallas 21, Texas

POSTMARK OR DATE
12-2-63

If you want a return receipt, check which 10¢ shows to whom, when, and address where delivered. If you want restricted delivery, check here 50¢ fee.

FEES ADDITIONAL TO 20¢ FEE
POD Form 3800
Apr 1960
SEE OTHER SIDE
LETTER 12-2-63 - Order R-2585

Memo

From

JAMES M. DURRETT JR.
GENERAL COUNSEL

To **Emory C. Arnold**
Supervisor, District 3

Re: **Case No. 2911**
Order No. R-2585

Emory:

Order No. R-2585 was issued in the above case on October 30. I juggled the dates as the order was delayed somewhat.

Hope the dates in the order will be satisfactory to you.

Jim

October 31, 1963

OIL CONSERVATION COMMISSION
P. O. BOX 871
SANTA FE, NEW MEXICO

October 21, 1943

COPY
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CARTERS - NEW
SANTA FE, NEW MEXICO

Mr. William L. Hursey
P. O. Box 900
Wichita Falls, Texas

Capital Corporation
20 West Street
New York 4, New York

National Security Corporation
c/o Saligman & Sonnet
101 Copper Avenue, N.Y.
Albany, New York

National Security Corporation
Attention: Claims Department
4 Liberty Street
New York 4, New York

Re: Case No. 2911
Order No. 2-2222

Gentlemen:

I am enclosing herewith certified copy of Order No. 2-2505 entered by the Commission in Case No. 2911.

Please note that the order requires the operators to have a proposed plan of searching operations approved by the Commission's Antac District Office if the operators desire to rework the well. Also please note that

OIL CONSERVATION COMMISSION
P. O. BOX 871
SANTA FE, NEW MEXICO

-3-

October 31, 1963

If necessary operations are not commenced within the
time specified, the Commission must have a minimum
of 100,000 barrels of oil in the Santa Fe National Office
and the Commission must have a minimum of 100,000 barrels
of oil in the Santa Fe National Office of the
Santa Fe National Office of the Santa Fe National Office.

Very truly yours,

A. H. HENRY, Jr.
General Manager
Santa Fe National

Mr./Mr.
Mr./Mr.

cc: Mr. Henry C. Smith
Executive Director
Oil Conservation Commission
1000 Rio Pecos Road
Santa Fe, New Mexico

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Fireman's
INSURANCE



Fund
COMPANIES

FIREMAN'S FUND INSURANCE COMPANY
FIRE, MARINE & MARINE INSURANCE COMPANY
NATIONAL SURETY CORPORATION

110 WILLIAM STREET
NEW YORK 36, N. Y.

NEW YORK 36, N. Y.

Barley 7-2400

November 8, 1963

State of New Mexico
Oil Conservation Commission
P. O. Box 871
Santa Fe, N. M.

Attention: J. M. Durrett, Jr.
Special Assistant
Attorney General

Re: Bond #1579929
Francis L. Harvey
Case No. 2911
Order No. R-2585

Gentlemen:

Your letter of October 31 is being forwarded to
our Mr. Frank Deady of our Dallas Claim Office.

Very truly yours,

John G. Skelly
John G. Skelly
Attorney

S.

cc: Mr. Frank Deady
Dallas Claims

OIL CONSERVATION COMMISSION
P. O. BOX 871
SANTA FE, NEW MEXICO

November 18, 1963

Mr. Henry C. Arnold
Superintendent, District No. 3
Oil Conservation Commission
1200 Rio Pecos Road
Santa Fe, New Mexico

Re: Case No. 2911
Order No. R-2585

Dear Henry:

Please advise me of the status of the Francis L.
Harvey and Capital Counsellors Bance-Federal Well No. 1.

If the operators did not have a rig on the location
and physical operations to rework the well commenced in
the well hole by November 15, 1963, I will advise them
that the well must be plugged. That they must first have
a minimum plugging program approved by your office, and
that plugging operations must be completed on or before
December 15, 1963.

Very truly yours,

J. M. DURRETT, Jr.
Attorney

JMD/esr

Fireman's
INSURANCE



Fund
COMPANIES

FIREMAN'S FUND INSURANCE COMPANY
HOME FIRE & MARINE INSURANCE COMPANY
NATIONAL SURETY CORPORATION

MERCANTILE DALLAS BUILDING • DALLAS 21, TEXAS
MAILING ADDRESS: P. O. BOX 2519 • RIVERSIDE 8-5151

MAIN OFFICE DCC

1953 NOV 22 PM 1 22

November 18, 1963

State of New Mexico
Oil Conservation Commission
P. O. Box 871
Santa Fe, New Mexico

ATTENTION: Mr. J. M. Durrett, Jr.
Special Assistant
Attorney General

BOND 1579929
FRANCIS L. HARVEY
CASE NO. 2911
ORDER NO. R-2585

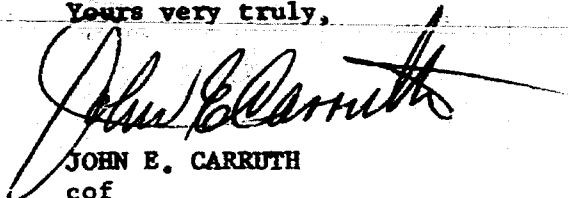
Gentlemen:

We have been forwarded copies of your letter of October 31 addressed to Mr. Harvey and the National Surety Corporation at its Albuquerque, New Mexico and New York Offices.

We have searched our files and can find no evidence of this Department having written a bond on behalf of Francis L. Harvey. It would be appreciated if you would send us a photostatic copy of Bond 1579929 in order that we may trace it to its point of origin and give this matter proper attention.

Thanking you in advance for your cooperation, I am

Yours very truly,


JOHN E. CARRUTH
cof

OIL CONSERVATION COMMISSION
P. O. BOX 871
SANTA FE, NEW MEXICO

November 21, 1963

Financial Fund Insurance Company
International Building
P. O. Box 2222
Dallas 21, Texas

Attention: Mr. John E. Caruth

Re: Francis L. Harvey, \$10,000
Blanket Well Plugging Bond

Gentlemen:

We have your letter of November 18, 1963.

In accordance with your request, I am
enclosing herewith a copy of the above bond.

Very truly yours,

J. M. DORRITT, Jr.
Attorney

JD/esr
Enclosure

C
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GOVERNOR
JACK M. CAMPBELL
CHAIRMAN

State of New Mexico
Oil Conservation Commission



LAND COMMISSIONER
E. S. JOHNNY WALKER
MEMBER

1000 RIO BRAZOS ROAD
AZTEC, NEW MEXICO
November 22, 1963

STATE GEOLOGIST
A. L. PORTER, JR.
SECRETARY - DIRECTOR

MAIN OFFICE OCC
1963 NOV 25 AM 8:06

Oil Conservation Commission
Box 871
Santa Fe, New Mexico

Attn: Mr. James Durrett

Re: Case No. 2911, Order R-2585

Dear Jim:

We have been to the location of the Francis L. Harvey and Capitol
Counsellors #1 Bunce Federal well twice since November 15, 1963
which was the date upon which they were to have been in the process
of working the well over.

No work of any kind has been done at the location and I believe that
we should now take action under the terms of Order R-2585.

Yours very truly

Emery C. Arnold
Emery C. Arnold
Supervisor, District #3

ECA:ks

OIL CONSERVATION COMMISSION
P. O. BOX 871
SANTA FE, NEW MEXICO

December 2, 1963

URGENT - 12/26/63
URGENT - 12/26/63

Mr. Maurice J. Harvey
P. O. Box 250
Michoud Falls, Texas

DOCKET MAILED

Date 12-26-63
JH

Capital Counsellors
30 Broad Street
New York 4, New York

National Surety Corporation
Attention: Mr. Frank Sandy
Claims Department
Memphis Dallas Building
P. O. Box 2619
Dallas 21, Texas

Re: Case No. 2911
Order No. N-2583

Continued:

Mr. Harry C. Arnold, Supervisor, District No. 3, Oil Conservation Commission, Astec, New Mexico, has advised that reworking operations were not commenced on the Francis L. Harvey & Capital Counsellors Rance-Federal Well No. 1 by November 15, 1963. Therefore, in accordance with Order No. N-2583, plugging operations in accordance with a minimum plugging program submitted to and approved by the Commission's Astec District Office must be completed on or before December 15, 1963.

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OIL CONSERVATION COMMISSION
P. O. BOX 871
SANTA FE, NEW MEXICO

-2-

December 2, 1963

The District Supervisor, Oil Conservation Commission,
District 3, Alton, New Mexico, must be notified of the exact
date the time stopping operations are to commence on the well.

Very truly yours,

J. H. DUNN, Jr.
Special Assistant
Attorney General

JHD/ax

cc: Mr. Henry C. Arnold
Supervisor, District 3
Oil Conservation Commission
1800 Rio Grande Road
Alton, New Mexico

C
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Abraham Weiss --

~~Whitehall~~ Whitehall 41460

12-16-63 T F In Weiss. Study of Study
will assume operation of the well & responsibility
for down & re-work or plug immediately.

12-16-63 T F Study of Study - It will
assume responsibility for the well & re-work
or plug same. Forwarding agreement
today to Weiss & will get agreement
to not plugging well until
upon return of agreement.

OIL CONSERVATION COMMISSION
P. O. BOX 871
SANTA FE, NEW MEXICO

April 10, 1964

Mr. Harry G. Ashold
Supervisor, District 3
Oil Conservation Commission
1000 NIA Avenue Road
Albuquerque, New Mexico

Re: Francis L. Harvey
Hance-Federal Well No. 1

Dear Harry:

If the rig has been removed from the above well,
please advise and I will make a demand upon the bonding
company concerning plugging.

Very truly yours,

J. M. DURRETT, Jr.,
Attorney

JMD/ell

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OIL CONSERVATION COMMISSION

P. O. BOX 871

SANTA FE, NEW MEXICO

February 13, 1964

**Mr. Emory C. Arnold
Supervisor, District 3
Oil Conservation Commission
1000 Rio Huerfano Road
Artes, New Mexico**

Re: Francis L. Harvey

Dear Emory:

**Will you please advise me of the status of
the Francis L. Harvey Dence-Federal Well No. 1.
If the well has been reworked, I will request
Francis L. Harvey to docket a case to set aside
the plugging order.**

Very truly yours,

**J. M. DURRETT, Jr.
Attorney**

JMD/esr

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OIL CONSERVATION COMMISSION
P. O. BOX 871
SANTA FE, NEW MEXICO

January 21, 1964

Mr. Emory C. Arnold
Supervisor, District 3
Oil Conservation Commission
1000 Rio Grande Road
Alamogordo, New Mexico

Re: Francis L. Harvey

Dear Emory:

I am enclosing herewith the original and four copies of Form C-110 that Francis L. Harvey executed on January 17 concerning the Banco-Federal Well No. 1. I also am enclosing a copy of the telegram Mr. Harvey received authorizing him to assume operation of the well.

The C-110 should not be approved until the Commission has issued an order setting aside the plugging order.

Please keep me advised concerning the reworking operations.

Very truly yours,

J. M. DURRETT, Jr.
Attorney

JMD/esr
Enclosures

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OIL CONSERVATION COMMISSION
P. O. BOX 871
SANTA FE, NEW MEXICO

January 21, 1964

Mr. Francis A. Harvey
P. O. Box 996
Michita Falls, Texas

Dear Mr. Harvey:

I am enclosing herewith the telegram you received from Mr. Wales concerning the Rance-Federal Will No. 1. We have made copies of the telegram and placed the same with the Form C-110 you executed.

Very truly yours,

J. M. DURRETT, Jr.
Attorney

JMD/ear
Enclosure

C
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Memo

From

JAMES M. DURRETT JR.
GENERAL COUNSEL

To

5-13-68

Conference w Emery
Yockey has set play
@ approx 400-1000 feet
(above the junk) + plans
to whipstock to Frutland.

OIL CONSERVATION COMMISSION

P. O. BOX 871

SANTA FE, NEW MEXICO

October 23, 1964

**Mr. Francis L. Harvey
P. O. Box 990
Wichita Falls, Texas**

**Capital Councillors
22 State Street
New York 2, New York**

**Fireman's Fund Insurance Companies
Marquette Dallas Building
P. O. Box 2519
Dallas 21, Texas**

**Re: Bond No. 1579929, Francis L. Harvey
and Capital Councillors, Case No. 2911.
Order No. B-2935**

Gentlemen:

We have now received an approved plugging report from our
Astor District Office indicating that the Eunice-Federal Well
No. 1 has been plugged and that the plugging was witnessed by
a Commission representative. We therefore are closing the
above case.

Thank you for your cooperation in this matter.

Very truly yours,

**J. M. DURRETT, Jr.
Special Assistant
Attorney General**

JMD/esr

**cc: Mr. Henry C. Arnold
Supervisor, District 3
Oil Conservation Commission
1000 Rio Grande Road
Astor, New Mexico**

CLASS OF SERVICE
This is a fast message
unless its deferred char-
acter is indicated by the
proper symbol.

WESTERN UNION TELEGRAM

W. P. MARSHALL, President

1901 (4-00)

SYMBOLS
DL = Day Letter
NL = Night Letter
LT = Letter Telegram

The filing time shown in the date line on domestic telegrams is LOCAL TIME at point of origin. Time of receipt is LOCAL TIME at point of destination

DA169

(34) 00

D NA134 PD AR=NEW YORK NY 7 222P EST 1964 JAN 7 PM 1 00
FRANCIS HARVEY= BOX 990
WICHITA FALLS ENGINEERING CO WICHITAFALLS TEX=
ALLOWING YOU SAME DEAL STANLEY TO RECOMPLETE BUNCE WELL
EXCEPT IF NECESSARY TO PLUG CAPITAL COUNSELLORS AND
ASSOCIATES INTERESTS REMAIN INTACT=
ABRAHAM WEISS=

767-1051/89
1/7/64

THE COMPANY WILL APPRECIATE SUGGESTIONS FROM ITS PATRONS CONCERNING ITS SERVICE

BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
October 9, 1963

EXAMINER HEARING

IN THE MATTER OF:

The hearing called by the Oil Conservation Commission on its own motion to permit Francis L. Harvey & Capital Counsellors and all other interested parties to appear and show cause why the Francis L. Harvey & Capital Counsellors Bunce-Federal Well No. 1, San Juan County, New Mexico, should not be plugged in accordance with a Commission-approved plugging program.

Case No. 2911

BEFORE: MR. ELVIS A. UTZ. EXAMINER

TRANSCRIPT OF HEARING

DEARNLEY-MEIER REPORTING SERVICE, Inc.

ALBUQUERQUE, N. M.
PHONE 243-6891

SANTA FE, N. M.
PHONE 963-3971



DEARNLEY, MEIER, WILKINS and CROWNOVER

General Court Reporting Service

Suite 1120 Sinims Building Albuquerque, New Mexico Phone 243-6691

BEFORE THE
OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
October 9, 1963

EXAMINER HEARING

IN THE MATTER OF:

The hearing called by the Oil Conservation Commission on its own motion to permit Francis L. Harvey & Capital Counsellors and all other interested parties to appear and show cause why the Francis L. Harvey & Capital Counsellors Bunce-Federal Well No. 1, San Juan County, New Mexico, should not be plugged in accordance with a Commission-approved plugging program.

CASE NO. 2911

BEFORE: MR. ELVIS A. UTZ, EXAMINER

TRANSCRIPT OF HEARING

MR. UTZ: Case 2911.

MR. DURRETT: In the matter of the hearing called by the Oil Conservation Commission on its own motion to permit Francis L. Harvey & Capital Counsellors and all other interested parties to appear and show cause why the Francis L. Harvey & Capital Counsellors Bunce-Federal Well No. 1, located 1536 feet from the North line and 1503 feet from the East line of Section 19, Township 22 North, Range 10 East, San Juan County, New Mexico,



should not be plugged in accordance with a commission approved plugging program. If the Examiner please, J. M. Durrett, Jr., appearing on behalf of the Commission. I will have one witness, Mr. Arnold.

MR. UTZ: Are there any other appearances in this case? Let the record show that there were no appearances.

(Witness sworn)

EMORY ARNOLD,

called as a witness herein, having been first duly sworn on oath, was examined and testified as follows:

DIRECT EXAMINATION

BY MR. DURRETT:

Q Will you please state your name and position for the record?

A Emory Arnold, Supervisor District Three of the New Mexico Oil Conservation Commission.

Q Now, Mr. Arnold, as part of your official duties as supervisor of District Number Three, do you recommend that wells be plugged and do you establish plugging programs concerning wells in your area?

A Yes.

Q And are you familiar with the well which is a subject matter of this case?

A Yes, I am.

DEARNLEY, MEIER, WILKINS and CROWNOVER

General Court Reporting Service

Suite 1120 Simms Building Albuquerque, New Mexico Phone 243-6691



Q Would you please give us some background information concerning this well, and inform the Examiner as to how this matter came to a hearing?

A This is a Pictured Cliff gas well, which was completed in April of 1952, total depth of 1865 feet, pay zone was from 1790 to 1865, and initial potential of 937 MCF perday. It was continuously on production until early in 1963, at which time we were notified by the land owner that the well had ceased producing, and based upon this information, we conducted a braden head test and determined that there was a communication between the producing casing and surface casing annulus. So, we instructed the operator to repair the casing and return the well to production, or in the alternative, to plug and abandon the well. And the operator did respond and stated that there were two or three partners involved and they hadn't agreed on a course of action. They didn't know whether they wanted to plug the well, or repair the casing, or if they did repair, exactly what procedure they intended to follow. They did state that by the middle of July, they thought they would be able to make a decision, and as of this date, they haven't notified us whether, or not they have made a decision.

Q So, actually, your last communication with the operators was on approximately what date?

A My last communication with the operators was on June 19, 1963.

DEARNLEY, MEIER, WILKINS and CROWNOVER

General Court Reporting Service

Suite 1120 Simms Building Albuquerque, New Mexico Phone 243-6601



DEARNLEY, MEIER, WILKINS and CROWNOVER

General Court Reporting Service

Suite 1120 Simms Building Albuquerque, New Mexico Phone 243-6691

Q And at that time he stated that they thought they would have something done by July, at least, an agreement worked out between them?

A That is correct.

Q We have heard nothing since that date?

A No.

Q Now, you did conduct a braden head test on this well in February, 1963; is that correct?

A Yes, sir, that is correct.

Q And would you, for the Examiner, please go into a little detail concerning the results of that test?

A Well, test established behind any doubt that there is a hole in the producing casing. If you want further details on the tests, actually, we determined this by manifolding the production casing to the surface casing annulus, and established communication.

Q Based upon this test, it is your opinion that there definitely is a casing failure in this well?

A Yes.

Q And do you have an opinion as to whether, or not this is causing waste?

A Yes. It has allowed water from sandstone to enter the well bore and this water, of course, is standing on the pay section and I would imagine that the water may have moved some distance from the well bore in the Pictured Cliff Sandstone already.



DEARNLEY, MEIER, WILKINS and CROWNOVER

General Court Reporting Service

Suite 1120 Simms Building Albuquerque, New Mexico Phone 243-6601

Q It would be your opinion that waste has in all probability occurred and is occurring at this time, and will continue to occur unless this well is properly taken care of?

A Yes, sir.

Q And do you have a recommendation to make to the Examiner concerning the manner that this well should be reworked or plugged or what would be your recommendation concerning this?

A Well, production, if they are going to return the well to production, the casing will have to be repaired to our satisfaction. They can either do this by squeezing the hole in the casing, or running a new string of casing. We wouldn't - - I don't intend that we would instruct the operator how he should work the well over. Simply that he repairs it to our satisfaction.

Q You would approve any program he might have to repair the well?

A So long as it is confined - - the gas to the production and keeps the water out of the well bore.

Q As long as you felt in your professional opinion it was adequate to prevent waste, you would recommend that he be given an opportunity to rework this well, at least, to repair the casing?

A Yes.

Q And do you have a length of time that you would recommend to the Examiner that the operator be given in which to repair the well, to return it to production?



DEARNLEY, MEIER, WILKINS and CROWNOVER

General Court Reporting Service

Suite 1120 Simms Building Albuquerque, New Mexico Phone 243-6691

A Yes. I would recommend that he actually have a rig on the well by the first of November, that the well be either returned to production or plugged and abandoned prior to December 1st.

Q It would be your opinion, Mr. Arnold, that a length of time to November 1st would be adequate for him to have a well out there reworking- - a rig out there reworking this well, repairing the casing by November 1st?

A Yes, I believe that it would. The only problem possibly might be the fact that there would be some delay in issuing an order.

Q Well, if the order was issued within the next week or two, you would feel that would be adequate?

A That is right. If he has the order a week prior to November 1st, then, I believe he could be on the location.

Q All right, sir. Now, December 1st would be your other alternative, is that correct, that would be plugged by December 1st if it was not properly reworked?

A Yes.

Q In that connection, Mr. Arnold, am I correct that you would recommend that if it is necessary to be plugged, in other words, if he does not have the well repaired by November one, that he would submit a plugging program to you and you would approve that plugging program, if, in your opinion, it was sufficient to confine the oil, gas and water to the strata originally



containing them?

A Yes. Prior to plugging the well, he should be required to file a plugging program with our office, for approval.

Q All right. Thank you. And in that connection, you would let the operator have his choice of, or at least some leeway in the plugging program, as long as it met with your approval?

A Yes, that is correct.

MR. DURRETT: Thank you. I believe that is all I have of this witness.

* * * * *

EXAMINATION

BY MR. UTZ:

Q You don't have a specific plugging program to recommend at this time?

A No, I don't have, because I don't know to begin with whether they would attempt to retrieve any of the production in the casing. This would effect the plugging program.

Q I note that you stated that in your opinion you should begin operation of repairing or plugging and abandoning this well by November 1st. In your opinion, what would consist of beginning plugging operations?

A I think that he should actually have a rig on the location, and be operating it.

Q If we were hounded by a technicality, then, in your

DEARNLEY, MEIER, WILKINS and CROWNOVER

General Court Reporting Service

Suite 1120 Simms Building Albuquerque, New Mexico Phone 243-6691



opinion, he should actually be working in the well bore consistent with beginning operations?

A Yes.

Q You stated that you confirmed that there was communication between the surface annulus and the producing string, and that you manifolded it. Is the well dead?

A Well, it wasn't completely dead. There was gas on the surface casing annulus indicating that gas had also escaped from the production casing into the surface casing annulus. Also, water inside the production casing. There was also some gas inside the production casing.

Q Did you blow the surface casing annulus?

A Yes.

Q Where did you manifold, you manifold that gas to the inside of the surface casing?

A Well, actually, what we finally did was manifolded the casing to a braden head valve and actually noticed water back through the other valve on the braden head.

Q Through the tubing?

A No. Through the other valve on the braden head. In other words, first we blew down the braden head. It more or less died. Then, we manifolded the production casing to the surface casing, or to the braden head and again flowed the braden head so that we established communication beyond a doubt. Pressure inside the production casing caused the braden head to flow.

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General Court Reporting Service

Suite 1120 Simms Building Albuquerque, New Mexico Phone 243-6691



MR. UTZ: I see. Any other questions of the witness?

MR. IRBY: Frank Irby, State Engineer's office. Mr. Arnold, you stated that waste is occurring as a result of this casing leak. Is there waste of both water and oil occurring?

A Well, I think it is possible that there have been some water sand charged to some extent with gas from - and also, there are some water which is moving from shallow water sand down the well bore into the gas sand, I am sure. To that extent, I think you could say it was wasting water.

MR. IRBY: That is the only question I have. I would like to make a statement when the time comes.

MR. UTZ: All right. Any other questions of the witness? Witness maybe excused. Hear the statements in this case.

MR. IRBY: It appears to me that from the testimony of the witness that a problem of waste of hydrocarbons and waste of water is occurring here as well as possible contamination of water, which exists and the State Engineer's office recommends that the Commission issue an order requiring the operator to plug and abandon this well, or repair it in such manner as to eliminate these problems.

MR. UTZ: Thank you. Other statements? Case will be taken under advisement.

* * * * *

DEARNLEY, MEIER, WILKINS and CROWNOVER

General Court Reporting Service

Suite 1120 Simms Building Albuquerque, New Mexico Phone 243-6691



DEARNLEY, MEIER, WILKINS and CROWNOVER

General Court Reporting Service

Suite 1120 Simms Building Albuquerque, New Mexico Phone 243-6691

STATE OF NEW MEXICO I

COUNTY OF BERNALILLO I

I, ROY D. WILKINS, Notary Public in and for the County of Bernalillo, State of New Mexico, do hereby certify that the foregoing and attached Transcript of Hearing before the New Mexico Oil Conservation Commission was reported by me, and that the same is a true and correct record of the said proceedings, to the best of my knowledge, skill, and ability.

WITNESS my Hand and Seal of Office, this 6th day of December, 1963.

R. D. Wilkins
NOTARY PUBLIC

My Commission Expires:

September 6, 1963.

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 2911 heard by me on 9 1963.

W. A. D., Examiner
New Mexico Oil Conservation Commission

